

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2019/2020

### BAC1034 – PRINCIPLES OF FINANCIAL ACCOUNTING

(All Sections/ Groups)

22 OCTOBER 2019  
9:00 A.M – 11:00 A.M  
(2 Hours)

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#### INSTRUCTIONS TO STUDENT

- (a) This question paper consists of 7 pages excluding cover page with 4 questions.
- (b) Answer **ALL** questions.
- (c) Write your answers in the answer booklet provided.

**QUESTION 1****Part A**

Listed below are the selected account balances (before adjustment) for Pink Star Berhad as at 31 December 2018.

Accounts	RM
Accounts Receivable	350,000
Supplies	130,000
Prepaid Insurance	296,000
Furniture and Fixtures	100,000
Accumulated Depreciation – Furniture and Fixtures	5,000
Motor Vehicles	250,000
Accumulated Depreciation – Motor Vehicles	25,000
Accounts Payable	234,900
Notes Payable	120,000
Unearned Service Revenues	213,400
Motor Vehicles Expenses	18,000
Water and Electricity Expenses	27,200

Adjusted transactions to be treated at the end of the year:

1. Half (1/2) of accounts receivable have been collected at the end of the year.
2. A count of supplies as at 31 December 2018 indicated that supplies of RM80,000 have been used.
3. Prepaid insurance with 4 years' policy was purchased on and effectively used from 1 January 2018.
4. Depreciation for the year to be computed as follows:
  - a. Furniture and Fixtures is 5% using straight line method.
  - b. Motor Vehicles is 10% using reducing balance method.
5. One-third (1/3) of accounts payable have been paid at the end of the year.
6. Notes payable was issued on 1 January 2018 with 10% interest accrued annually.
7. A quarter (1/4) of unearned service revenue has been earned at the end of the year.
8. Accrued motor vehicles expenses amounted RM5,500 of which yet to be recorded at the end of the year.
9. Paid water and electricity expenses for January until March 2019 amounted RM6,800 of which yet to be recorded at the end of the year.

**Required:**

Journalize all the adjusted transactions above. Show all workings (if any).

(10 Marks)

**Continued...**

**Part B**

Below is the Adjusted Trial Balance for Blue Diamond Berhad as at 31 December 2018.

Blue Diamond Berhad Adjusted Trial Balance 31 December 2018		
Account Title	Debit (RM)	Credit (RM)
Cash	757,400	
Accounts Receivable	332,900	
Supplies	80,000	
Prepaid Insurance	291,200	
Office Equipment	100,000	
Accumulated Depreciation – Office Equipment		10,000
Office Car	250,000	
Accumulated Depreciation – Office Car		47,500
Accounts Payable		234,900
Notes payable		120,000
Rent Payable		9,600
Dividends Payable		75,000
Unearned Service Revenue		171,400
Ordinary Share Capital		900,000
Retained Earnings (1 January)		250,000
Service Revenue		332,700
Salaries and Wages Expense	58,800	
Rent Expense	86,700	
Utilities Expense	36,800	
Supplies Expense	50,000	
Insurance Expense	4,800	
Depreciation Expense – Office Equipment	5,000	
Depreciation Expense – Office Car	22,500	
Dividends	75,000	
<b>Total</b>	<b>2,151,100</b>	<b>2,151,100</b>

**Required:**

- (a) Prepare the Statement of Profit or Loss for the year ended 31 December 2018. (5 marks)
- (b) Prepare the Statement of Financial Position as at 31 December 2018. (10 marks)

**[TOTAL 25 MARKS]**

**Continued...**

**QUESTION 2****Part A**

Given below is the list of account balances for Musgravite Berhad as at 30 September 2018.

Accounts	RM
Accounts Payable	47,570
Accounts Receivable	101,803
Accumulated Depreciation – Motor Vehicle	54,577
Accumulated Depreciation – Office Equipment	30,176
Advertising Expense	19,724
Bank	78,900
Ordinary Share Capital	219,625
Cash	86,930
Depreciation Expense – Motor Vehicles	18,398
Dividends	18,840
Furniture and Fixtures	116,080
Insurance Expense	18,905
Motor Vehicles	140,910
Notes Payable	83,138
Office Equipment	51,600
Prepaid Insurance	33,725
Rental Revenue	44,840
Salaries Expense	29,266
Salaries Payable	26,120
Service Revenue	138,622
Supplies	17,540
Unearned Service Revenue	25,600
Utilities Expense	17,647
Retained Earnings (1 October 2017)	80,000

**Required:**

Prepare the Post-Closing Trial Balance as at 30 September 2018.

(10 marks)

**Continued...**

**Part B**

Red Beryl Berhad started business on 1 July 2018. The company supplied imported high carat gemstones to several high-end gemstones' boutiques in Malaysia. The following transactions occurred during July 2018.

July 3	Received an invoice from Utah manufacturer for purchasing red beryl gemstones worth RM750,000 on account. The terms were 10/10, n/30 FOB destination. The appropriate party also paid cash RM5,500 for freight.
5	Returned red beryl gemstones worth RM150,000 to Utah manufacturer.
7	Paid Utah manufacturer.
9	Issued an invoice to Topaz Gemstone Boutique for red beryl gemstones worth RM300,000 on account with terms 7/10, n/30 FOB shipping point. The cost of these stones worth RM220,000. The appropriate party also paid cash RM6,600 for freight.
11	Topaz Gemstone Boutique returned red beryl gemstones worth RM50,000. The cost of these stones worth RM35,000.

**Required:**

Journalize the above transactions by using a perpetual inventory system. Show all your workings (if any).

(15 marks)

[TOTAL 25 MARKS]

**QUESTION 3****Part A**

Jadeite Berhad uses a perpetual inventory system. The following information is available for the month of August 2018.

Date	Explanation	Units	Unit Cost (RM)	Total Cost (RM)	Balance in Units
Aug. 2	Beginning inventory	500	300	150,000	500
10	Purchases	700	320	224,000	1,200
17	Purchases	900	340	306,000	2,100
22	Sales	1,400			700
25	Purchases	1,100	360	396,000	1,800
				<b>1,076,000</b>	

**Required:**

Prepare a schedule to show cost of goods sold and the value of ending inventory for the month of August 2018 using the FIFO method.

(10 marks)

Continued...

**Part B**

(a) Listed below are items for bank reconciliation for Sapphires Berhad for the month of September 2018.

1. Included with the bank statement materials was a cheque from Fazura for RM500 stamped "account closed."
2. A personal deposit by Fattah to his personal account in the amount of RM3,000 for dividends on his ordinary shares was credited to the company account.
3. The bank statement included a debit memorandum for RM270 for two books of blank cheques for Sapphires Berhad.
4. The bank statement contains a credit memorandum for RM150 interest on the average checking account balance.
5. The daily deposits of 29 September and 30 September for RM3,462 and RM3,225 respectively, were not included in the bank statement postings.
6. Two cheques totaling RM416, which were outstanding at the end of August, cleared in September and were returned with the September statement.
7. The bank statement included a credit memorandum dated 28 September 2018, for RM300 for the monthly interest on a 6-month, RM15,000 certificate of deposit that the company owns.
8. Four cheques, No.702, No.706, No.708, No.709, totaling RM5,469, did not clear the bank during September.
9. On 24 September 2018, Sapphires Berhad delivered to the bank for collection a RM5,000, 3-month note from Rizman. A credit memorandum dated 29 September 2018, indicated the collection of the note and RM200 of interest.
10. The bank statement included a debit memorandum for RM200 for the collection service on the above note and interest.

**Required:**

By using the items in the box below, identify where the amount would be located or otherwise treated in the bank reconciliation process.

Code	Treatment
A	Add to the cash balance per books
B	Deduct from the cash balance per books
C	Add to the cash balance per bank
D	Deduct from the cash balance per bank
E	Does not affect the bank reconciliation

(10 marks)

(b) The following internal control principles are used in Emerald Berhad:

- A. Establishment of responsibility
- B. Segregation of duties
- C. Documentation procedures
- D. Physical controls
- E. Independent internal verification
- F. Human resource controls

Cash disbursement procedures:

- 1. Different individuals approve and make payments.
- 2. Print cheque amounts by machine with indelible ink.
- 3. Only designated personnel are authorized to sign cheques.
- 4. Each cheque must have approved invoice.
- 5. Requiring employees to take vacations.

**Required:**

Match the internal control principles with the appropriate cash disbursements procedures as described. (5 marks)

**[TOTAL 25 MARKS]**

#### **QUESTION 4**

##### **Part A**

(a) Listed below are selected transactions of Serendibite Berhad in preparing Statement of Cash Flows for the year ended 31 December 2018.

- 1. Ordinary shares are sold for cash.
- 2. Bonds payable are issued for cash.
- 3. Interest receivable on a current note receivable is collected.
- 4. Building is sold for cash at book value.
- 5. Accounts payable are paid in cash.
- 6. Equipment is purchased by signing a 5-year, 10% note payable.
- 7. Cash dividends on ordinary shares are declared and paid.
- 8. Ordinary shares from Black Opal Berhad are purchased for cash.
- 9. Inventories are sold to customers for cash.
- 10. Bonds payable are converted into ordinary shares.

**Required:**

Classify each transaction as either (A) an operating activity, (B) an investing activity, (C) a financing activity, or (D) a non-cash investing and financing activity.

(10 Marks)

**Continued...**

- (b) Blue Garnet Berhad reported business net income of RM800,000 for the current year. Depreciation recorded on buildings and equipment amounted to RM400,000 for the year. Balances of the current asset and current liability accounts at the beginning and end of the year are as follows:

	<u>End of Year</u>	<u>Beginning of Year</u>
Prepaid expenses	RM47,500	RM25,000
Inventories	275,000	325,000
Accounts receivable	120,000	160,000
Cash	100,000	75,000
Accounts payable	60,000	90,000
Income taxes payable	8,000	6,000

**Required:**

Prepare the partial Statement of Cash Flows for operating activities only by using the indirect method.

(5 marks)

**Part B**

A comparative Statement of Financial Position for Alexandrite Berhad appears below.

<b>Alexandrite Berhad</b>		
<b>Statement of Financial Position as at 31 December</b>		
	<b>2018</b>	<b>2017</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Assets</b>		
Current Assets	420,000	428,000
Property, Plant and Equipment (net)	500,000	482,000
Intangible Assets	350,000	380,000
<b>Total Assets</b>	<b>1,270,000</b>	<b>1,290,000</b>
<b>Liabilities</b>		
Current Liabilities	361,000	375,400
Non-current Liabilities	580,000	594,000
<b>Shareholders' Equity</b>	<b>329,000</b>	<b>320,600</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,270,000</b>	<b>1,290,000</b>

**Required:**

- (a) Prepare a vertical analysis for each year.

(8 marks)

- (b) Compute current ratio for both years.

(2 marks)

**[TOTAL 25 MARKS]**

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